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QUESTION 1

Assume your automotive company is new to formal portfolio management. It has had for years a strategic plan and tries to be first to market for new and improved features on its vehicles each model year. You were hired as the portfolio manager to provide a more disciplined approach for determining new products to pursue as well as existing ones that should be terminated. So far, you have set up an approach, established categories for the various components, and determined a method to rank and score new proposals for consideration. Now you are working to set up practices to follow to optimize the portfolio. In doing so, it is important to note that:

- A. The criteria to optimize the portfolio may be the same as that used in the scoring model
- B. A portfolio management information system should be set up
- C. Future investment requirements are a key criterion to consider
- D. Compliance with organizational standards cannot be overlooked

Correct Answer: A

QUESTION 2

As part of the governance function, the governance board members are required to be present in the portfolio review meeting in order to know the status of the portfolio and be able to take decisions on pending points. When it comes to review meetings, which of the following is valid?

- A. Formal and recurring governance board meetings
- B. Formal and held when needed to take decisions regarding the portfolio
- C. Non-recurring and informal meetings that allow the governance board to check on the portfolio's health and take actions when needed
- D. Meeting between the functional managers and the governance board in order to discuss financial points i.e. funding, etc.

Correct Answer: A

QUESTION 3

Assume you are managing the corporate portfolio for your company noted for many products primarily focused on farm equipment. Recently it has diversified into other markets especially with the economic downturn in the country. While many of the traditional products are in the portfolio as new features are added to enhance customer satisfaction, one of the new product lines is a high-profile program that is ranked number five in the corporate portfolio. As the portfolio manager, you know this program has several interdependencies with other projects and programs, and recently this high-ranked program has experienced difficulties as needed technology is not available externally, and internal staff lacks the needed competencies to develop it. Its termination will be discussed at Friday's Portfolio Board meeting. You plan to discuss these interdependencies as part of your responsibilities in:

- A. Resource allocation
- B. Portfolio balancing

C. Financial management

D. Risk management

Correct Answer: D

QUESTION 4

Risks are very important to manage in portfolio management and organizations can choose to embrace risks with the potential of high rewards. As a portfolio manager, planning and managing risks is important. Risks are categorized in order to ease the process. Which of the following are considered as risk categories that a portfolio manager can use?

A. All of the options

B. Performance Risk, Regulatory Risk

C. Portfolio Component Risk, Market Risk

D. Organizational Risk, Image and Public Relation Risk

Correct Answer: B

QUESTION 5

You are the manager of a major portfolio with a variety of stakeholders and stakeholder groups. you know that managing communication is key to success and you stress on maintaining a high communication level. You want to start developing your Communication Management Plan and are planning to use

A. Portfolio Process Assets, Portfolio Charter, Portfolio, Portfolio Management Plan, Enterprise Environmental Factors

B. Portfolio Process Assets, Portfolio Roadmap, Portfolio, Portfolio Management Plan, Portfolio Reports

C. Portfolio Process Assets, Portfolio Roadmap, Portfolio, Portfolio Management Plan, Enterprise Environmental Factors

D. Portfolio Process Assets, Portfolio Charter, Portfolio Reports, Portfolio Management Plan, Portfolio Component Reports

Correct Answer: B

QUESTION 6

Although it has taken significant time, you and your team inventoried all the work under way in your new product development company. This list of components should be:

A. Included in the portfolio roadmap

B. Part of the portfolio management plan

C. Prioritized for effective resource allocation

D. Maintained by the portfolio manager and continually updated

Correct Answer: C

QUESTION 7

Risks perspectives differ within the organization between executive management, operations management, portfolio management and project/program management. When it comes to Operations management, which of the following is a risk concern?

- A. Issues with Product development
- B. Time to market
- C. Reporting and data accuracy
- D. Time, cost and scope commitments

Correct Answer: A

QUESTION 8

Assume you are working to ensure your organization has a balanced portfolio. You have decided to use a bubble diagram and have set it up to show the components in terms of:

ease of execution [difficult or easy] and component importance [high or low]. In such an approach, bubbles are used to:

- A. Visualize components
- B. Frame the balancing problem
- C. Provide scores as outputs
- D. Focus on existing components

Correct Answer: A

QUESTION 9

You are managing a complex portfolio with high risk levels due to emerging technological breakthroughs and a short benefit window to market your product. You know that managing risk is key to success and you are coaching your team on the same. You are currently developing the Risk Management Plan. What can you use as inputs to this process?

- A. Portfolio Management Plan, Organizational Process Assets, Portfolio Reports, Enterprise Environmental Factors
- B. Portfolio Management Plan, Portfolio, Portfolio Reports, Enterprise Environmental Factors
- C. Portfolio Management Plan, Organizational Process Assets, Portfolio Process Assets, Enterprise Environmental

Factors

D. Portfolio Management Plan, Organizational Process Assets, Portfolio Process Assets, Portfolio

Correct Answer: C

QUESTION 10

A number of components proposals are on the table as a result of the strategic planning cycle. While defining the portfolio, you wanted to use a method to help you compare portfolio components that address similar needs. Which of the following techniques you use?

- A. Portfolio Component Inventory
- B. Prioritization
- C. Categorization technique
- D. Weighted ranking and scoring

Correct Answer: C

QUESTION 11

By setting up portfolio categories and using a pair-wise comparison approach to rank components, as the portfolio manager, you feel that you are finally setting up and getting people to follow standard portfolio practices. Since portfolio management still is relatively new, progress is under way. As some components are added, and others are not continued, you are making sure if a component is terminated that it does not have dependencies with others in the portfolio. You need to then:

- A. Revise the ranking model
- B. Inform all stakeholders
- C. Update the roadmap
- D. Upgrade to a more detailed scoring model that includes dependencies with components

Correct Answer: C

QUESTION 12

Your CEO is keen to know the likelihood of the portfolio to realize the expected ROI. You are currently looking for a tool to calculate the probability to achieve portfolio objectives. Which of the following will help you in doing that?

- A. SWOT Analysis
- B. Delphi
- C. Risk Exposure Charts

D. Investment Choice Analysis

Correct Answer: C

QUESTION 13

Which of the following depicts the use of the burn-down and burn-up charts?

- A. All of the Options
- B. They show the planned vs accrued Earned Value
- C. They show the execution of the portfolio against the overall budget and time
- D. They show the burned cost and time against planned ones

Correct Answer: C

QUESTION 14

As part of the new strategic direction, the executive management has decided to create a portfolio for the development of a new product. You have been assigned as the portfolio manager. What should you do as a first step?

- A. Update the Strategic Plan
- B. Update existing portfolio
- C. Develop the Strategic Plan
- D. Check existing portfolios, programs and projects

Correct Answer: D

QUESTION 15

The Portfolio Management Office (PMO) provides support to the portfolio manager throughout the portfolio life cycle. Which of the below is not something that the PMO supports the portfolio manager with?

- A. Define Portfolio Management best practices
- B. Formulating component management standards
- C. Define Portfolio Management standards
- D. Formulate organizational standards

Correct Answer: D
